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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 28, 2003

APPLICATION OF

KMC TELECOM OF VIRGINIA, INC.

CASE NO. PST-2002-00044

Application for review and correction
of assessment of the value of property
subject to local taxation-Tax Year 2002

ORDER FOR NOTICE AND HEARING

On December 6, 2002, KMC Telecom of Virginia, ("KMC" or "Company"), filed its Application of KMC Telecom of Virginia, Inc. for Review and Correction of Determination of Value of Items of Tangible Personal Property of a Telecommunications Company-Tax Year 2002 (hereinafter "Application"). As noted in the Application, at 3, KMC seeks review and correction of the Commission's tax year 2002 assessment of the values of the following property: Class 2, Value of wire lines, and Class 3, Value of central office equipment. KMC included in its Application as Attachment 4 the Commission's "Statement Showing the Value of Real and Tangible Property of Telecommunications Companies in the Commonwealth of Virginia, assessed as of the beginning of the first day of January 2002, pursuant to Title 58.1, Chapter 26, Article 2, of the Code of Virginia" for the

Company. KMC also included as Attachment 5 a verification of the Application by affidavit.

The Statement Showing the Value of Real and Tangible Property of Telecommunications Companies in the Commonwealth of Virginia, assessed as of the beginning of the first day of January 2002, pursuant to Title 58.1, Chapter 26, Article 2, of the Code of Virginia attached to the Application was issued pursuant to In re The Assessment of Telecommunications Companies for 2002, Matter No. PST-2002-00015, September 4, 2002. As provided by § 58.1-2670 of the Code of Virginia, any aggrieved taxpayer must apply for review and correction of an assessment of value within 90 days of receipt. The Commission tentatively finds that KMC has made timely application. We also tentatively find that the Company's Application identifies with reasonable certainty the items for which it seeks correction and includes verification. The Commission finds that this application should be docketed and that KMC should give notice to affected localities. We will also establish a schedule for hearing before a hearing examiner.

Accordingly, IT IS ORDERED that

(1) As provided by §§ 58.1-2670 to -2671 and related provisions of the Code of Virginia, the Company's application be docketed as Case No. PST-2002-00044, and all associated papers be filed therein.

(2) A public hearing be held beginning at 10:00 a.m., October 7, 2003, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for review and correction.

(3) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-120, *Procedure before hearing examiners*, a hearing examiner be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(4) On or before March 31, 2003, any person, including any locality, who expects to participate as a respondent in this proceeding shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and 15 copies of a notice of participation as a respondent, as required by the Rules of Practice, 5 VAC 5-20-80 B, *Participation as a respondent*. A copy shall simultaneously be served on counsel to the Company, Eric M. Page, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060, and on Commission Staff counsel assigned to the matter, Wayne N. Smith, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by the Rules

of Practice, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by the Rules of Practice, 5 VAC 5-20-30, *Counsel*.

(5) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order and a copy of the Application, unless these materials have already been provided to the respondent.

(6) On or before April 14, 2003, the Company shall file with the Clerk original and 15 copies of any testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on all other parties.

(7) On or before June 9, 2003, each respondent may file with the Clerk an original and 15 copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to the Company and on all other parties. Respondents shall comply with the Rules of Practice, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

(8) The Commission Staff shall investigate the Company's application. On or before September 8, 2003, the Staff shall

file with the Clerk the testimony and exhibits that it intends to present at the hearing, and the Clerk shall serve a copy on counsel to the Company and on all other parties.

(9) On or before September 22, 2003, the Company may file with the Clerk an original and 15 copies of all testimony it expects to offer in rebuttal to all direct testimony and exhibits of Commission Staff and respondents and shall serve a copy on all other parties. Additional rebuttal evidence may be presented in response to evidence, which was not filed but elicited at the hearing and, provided further, the need for additional rebuttal evidence be timely addressed by motion during the hearing.

(10) The Rules of Practice, 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) answers and objections shall be served 14 days after receipt of interrogatories, counting weekends and holidays; (ii) motions on the validity of any objections raised shall be filed within four (4) business days of receipt of the objection; and (iii) answers, objections, and motions on the validity of objections shall be served by 3:00 p.m. on the date due, unless the Staff or party upon whom service must be made agrees in advance to other arrangements. Except as so modified, discovery shall be in accordance with the Rules of Practice.

(11) On or before March 10, 2003, the Company shall serve, as provided by § 8.01-300 of the Code of Virginia, a copy of this Order and a copy of its Application on the appropriate official of each county, city, or town in which the Commission assessed the Company's property in 2002.

(12) On or before March 10, 2003, the Company shall mail by first-class mail, postage paid, or deliver a copy of this Order and a copy of its Application to the commissioner of the revenue, or equivalent official, of each county, city, or town in which the Commission assessed the Company's property in 2002.

(13) On or before March 31, the Company shall file with the Clerk an original and 15 copies of proof of the service required by ordering paragraph (11) and a certificate of mailing or delivery, which shall include the name and address of the official, of the notice required by ordering paragraph (12).